

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-04 AID-05 CIAE-00 COME-00 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-06 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 SS-15 NSC-05 L-01 PRS-01

H-01 DOTE-00 DRC-01 /065 W
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R 181300Z OCT 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 6660

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E.O. 11652 - N/A

TAGS: ELTN, EINV, BEXP, ES

SUBJ: GOES TAKEOVER OF IRCA

REF: A) SAN SALVADOR 4064; B) STATE 225846

1. LOCAL IRCA LAWYER TRIGUEROS CALLED AT EMBASSY OCT 16 AT OUR REQUEST TO BRING US UP TO DATE ON DEVELOPMENTS. HE SAID HE HAS BEEN WORKING STEADILY WITH THE NOW EX-LOCAL ACTING MANAGER CARLOS DIAZ GAITAN ON IRCA FINANCIAL ACCOUNTS. THEY SET UP AN ACCOUNT IN CITIBANK IN THEIR NAMES TO WHICH TYE TRANSFERRED ALL ASSETS AND FROM WHICH TYE ARE SETTTLING DEBTS. A MAJOR MOTIVE IN A NON-IRCA ACCOUNT IS, ACCORDING TO TRIGUEROS, TO PREVENT ATTACHMENTS BY GOES SOCIAL SECURITY (COLONES 320,000 DEBT), FEGUA (\$400,000), OR IRCA'S GUATEMALA ATTORNEY PALACIOS (\$160,000). TRIGUEROS SAID HE ANTICIPATES CLEARING UP ACCOUNTS BY OCT 25 AND PROVIDING WEBER AN ACCOUNTING WHICH WILL SHOW ALL LOCAL DEBTS PAID EXCEPT THOSE TO SOCIAL SECURITY AND FEGUA. BANCO SALVADORENO HAS ACCEPTED ACCOUNTS PAYABLE, LESS COMMISSION, AND HAS ASSITED AS INTERMEDIARY IN LOCAL DEBT SETTLEMENT.

2. TRIGUEROS SAID THAT APART FROM A CABLE FROM WEBER ACKNOWLEDGING THE RESIGNATION OF DIAZ GAITAN OCT 16, HE
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HAS RECEIVED NO COMMUNICATION FROM IRCA. HIS ACTIONS (PARA 1)

THUS ARE TAKEN IN IRCA'S BEST INTEREST BUT WITHOUT SPECIFIC INSTRUCTIONS. HE SAID HE HAS NOT, FOR LACK OF INSTRUCTIONS, HAD ANY COMMUNICATION WITH THE GOES ON BEHALF OF IRCA. DESPITE HIS RECENT DISCOVERY THAT HE HAS DIABETS HE STILL SPOKE OF EITHER TRAVELING TO NEW YORK OR OTHERWISE COMMUNICATING WITH WEBER. HE SEEMED TO STILL EXPECT EITHER WEBER OR CURE TO COME TO EL SALVADOR BUT HAS HEARD NOTHING SINCE HE SPOKE WITH THEM THE WEEKEND OF OCT 5.

3. VICE FOREIGN MINISTER CASTANEDA INFORMED THE DCM OCT 10 THAT THE ACTION TAKEN BY THE GOES WAS CONSISTENT WITH ARTICLE 149 OF THE 1962 (ALSO IN THE 1950) CONSTITUTION (LIMITS SUCH CONCESSIONS TO 50 YEARS WITH SUBSEQUENT REVERSION TO THE STATE WITHOUT COMPENSATION OR PENALTIES). NEITHER CASTANEDA, NOR FINANCE MINISTER GAVIDIA, IN AN OCT 16 CONVERSATION WITH EMBOFF, COULD EXPLAIN HOW IRCA MANAGED TO SURVIVE AFTER 1958 GIVEN THE ARTICLE. LAWYER TRIGUEROS MAINTAINS THAT THE ARTICLE IS IRRELEVANT TO IRCA, SINCE IT IS NOT RETROACTIVE, APPLYING ONLY TO POST-1950 CONCESSIONS.

4. CONCERNING THE ISSUE CONVEYED IN REFTEL B, WE HAVE NOT LEARNED OF ANY JUDICIAL RECOURSE WHICH IRCA COULD USE SHOULD IT DECIDE TO CONTEST THE TAKEOVER. THIS REFLECTS OUR CONVERSATIONS WITH TRIGUEROS, LABOR MINISTER CHAVEZ, CEPA'S JORGE ROCHAC

, MINISTER GAVIDIA AND CASTANEDA. OUR IMPRESSION FROM THE LATTER THREE OFFICIALS IS THAT THEY DO NOT BELIEVE IRCA WILL CONTEST THE TAKEOVER. SHOULD THIS NOT BE THE CASE, AND IRCA ATTEMPT TO TAKE ITS CASE TO COURT, IT COULD BE FACED WITH THE SITUATION RECOGNIZED BY THE DEPARTMENT, ONE IN WHICH THE "COMPENSATION QUESTION IS HELD TO BE NONJUSTICIABLE."

5. ADDITIONAL DETAILS ARE PROVIDED IN A MEMORANDUM DATED OCT 11, A COPY OF WHICH WAS POUCHED TO ARA/CEN/ES. MOSKOWITZ

NOTE BY OC/T: REFTEL (B) BELIEVED INCORRECT.

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